

Message Text

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PAGE 01 RIYADH 00663 141234Z
ACTION NEA-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /129 W
-----087333 141934Z /53

R 141155Z AUG 78
FM USLO RIYADH
TO SECSTATE WASHDC 643
INFO AMEMBASSY JIDDA
AMCONSUL DHAHRAN

LIMITED OFFICIAL USE RIYADH 663

E.O. 11652: N/A
TAGS: MILI, EFIN, SA
SUBJECT: MODA CUTS BUDGET FOR CORPS OF ENGINEERS PROJECTS

REF: (A) RIYADH 605, (B) RIYADH 623

1. CORPS OF ENGINEERS HAS BEEN INFORMED BY MODA THAT
THE PROJECT BUDGET PREVIOUSLY DESCRIBED REF A MUST BE CUT
BY 35 - 40 PERCENT. COE HAS BEEN ASKED TO RECOMMEND HOW
BUDGET MIGHT BE CUT BY SUCH A LARGE AMOUNT WITHOUT CRIPPLING
ENTIRE MODA CAPITAL CONSTRUCTION EFFORT.

2. COE RECOMMENDATION IS TO POSTPONE BEGINNING ANY NEW
CONTRACTS AT KIN KHALID MILITARY CITY (AL BATIN) FOR AT LEAST
SIX MONTHS; THIS WILL CUT 35 PERCENT FROM OVERALL COE PROJECT
BUDGET FOR THE FISCAL YEAR. COE REASONING IS THAT KKMC IS
SUCH A HUGE PROJECT THAT SIX MONTH DELAY WILL NOT AFFECT ITS
OVERALL VIABILITY, ALTHOUGH COST WILL INCREASE DUE TO INFLATION,
WHEREAS IF OTHER COE PROJECTS WERE CUT BY SUCH LARGE
AMOUNT IT WOULD NOT BE POSSIBLE TO CONTINUE THEM. MODA
HAS INDICATED THEY AGREE WITH COE RECOMMENDATION.

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3. COMMENT: COE HAS NOT BEEN TOLD WHY SUCH A LARGE
BUDGET CUT IS BEING MADE ALMOST TWO MONTHS AFTER APPROVED
PROJECTS WERE ANNOUNCED. COE SOURCES SPECULATE MODA MAY
HAVE BEEN EXEMPTED FROM THE COUNCIL OF MINISTERS' ACROSS-
THE-BOARD BUDGET CUT IN JUNE, REF B, BUT THAT SINCE THEN
POLITICAL PRESSURE FROM THOSE MINISTRIES WHOSE BUDGETS WERE

CUT MAY HAVE FORCED PRINCE SULTAN TO AGREE TO A LARGE CUT
IN MODA.
GRANINGER

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: BUDGETS, PROGRAMS (PROJECTS)
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Copy: SINGLE
Draft Date: 14 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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Litigation Codes:
Litigation History:
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Original Classification: LIMITED OFFICIAL USE
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Reference: 78 RIYADH 605, 78 RIYADH 623
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